European Economic and Social Committee

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Community Patent Court

Brussels, 31 March 2004

OPINION

of the

European Economic and Social Committee

on the

Proposal for a Council Decision establishing the Community Patent Court and concerning appeals before the Court of First Instance

COM(2003) 828 final - 2003/0324 (CNS)

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On 30 January 2004, the Council decided to consult the Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

Proposal for a Council Decision establishing the Community Patent Court and concerning appeals before the Court of First Instance
COM(2003) 828 final - 2003/0324 (CNS)

The European Economic and Social Committee decided to ask the Section for the Single Market, Production and Consumption to carry out the work on the subject.

In view of the urgency of the matter, at its 407th plenary session held on 31 March and 1 April 2004 (meeting of 31 March), the European Economic and Social Committee appointed **Mr Retureau** as Rapporteur-General and adopted the following opinion by 53 votes in favour, two against and two abstentions.

1. The proposed Council Decisions presented by the Commission

1.1 *Presentation of the proposed decision*

1.1.1 Two proposals were adopted on the same day. The purpose of the first is to confer jurisdiction on the Court of Justice in disputes relating to the proposed Community patent. The second establishes a Community Patent Court (CPC) attached to the Court of First Instance (CFI) and a patent appeal chamber at the CFI. It also defines the scope *ratione materiae, ratione personae* and *ratione loci* of cases brought before the CPC and appeals brought before the CFI regarding disputes relating to Community patents. Finally, it covers any possible appeals to the Court of Justice where there is a serious risk of compromising the homogeneity of law or jurisprudence regarding Community patents.

1.1.2 The European Council held in Lisbon in March 2000 adopted a general programme to increase the competitiveness of the Union's economy in order to turn it into a knowledge-based economy that would be the most competitive in the world. This ambitious programme breaks down into a number of areas, including that of industrial property. In respect of this, the Council relaunched the creation of a system of Community patents in order to mitigate the limitations of the current systems for protecting technological inventions, in order to help stimulate investment in research and development in the European Community.

1.1.3 The Commission, in the introduction to the proposal, recalls the failure of the first attempts to create a Community patent, which began in the early 1970s. The 1973 Munich Convention (European Patent Convention, EPC) was a first step forward, in that it established a system for examining and issuing patents in several states that signed up to the Convention (currently all the countries of the EEA, the Swiss Confederation, Monaco, Liechtenstein and several of the candidate countries), but without modifying the national systems and courts, which retained jurisdiction with

regard to validity and to disputes relating to patents issued by the European Patent Office (EPO), as well as for certificates issued by national patent offices.

1.1.4 In an attempt to overcome the limitations of the Munich Convention, a Community Patent Convention was signed in Luxembourg on 15 December 1975 in order to create a unitary title at Community level. This convention, like the Munich Convention, was too limited in scope. It never came into force, as not enough countries ratified it. However, this attempt was followed in 1989 by an agreement on Community patents, which included, among other things, a protocol on disputes regarding validity and infringement of such patents, but these agreements never came into force either.

1.1.5 Consequently, two non-Community systems currently co-exist within the Union and, more widely, the EEA and some other countries: national patents, issued by national patent offices and subject to the domestic courts of the country of issue; and European patents, resulting from the Munich Convention of 1973, which determined the applicable substantive law and allowed for a single patent to be issued in those signatory countries to the convention specified by the applicants, but did not specify the applicable territorial law nor which national courts had jurisdiction.

1.1.6 Thus, for a single dispute relating to a patent issued in several countries, the applicants are obliged to initiate as many sets of proceedings as there are competent national courts, and to do so in as many official languages as are applicable, which constitutes a significant obstacle to exercising intellectual property rights created by the issue of patents in several countries. Indeed, it is possible that each set of proceedings may have a different outcome, depending on the national law of the country in question.

1.1.7 Progress on the Community patent project is both extremely desirable from the point of view of economic interest groups and necessary to the functioning of the Single Market. In order to move things forward, the Commission published a Green Paper on the subject on 25 June 1997[1]. This was followed by consultations, studies and practical proposals.

1.1.8 Following the Lisbon European Council, the Commission presented, on 1 August 2000, a proposal for a regulation of the Council on the Community patent, concerning all the legal and judicial aspects of this single certificate, which would be valid throughout the European Union. The Committee has already expressed its support for the proposal[2].

1.1.9 These patents will be examined and issued by the European Patent Office once the Community has taken the necessary step of signing up to the Munich Convention[3], and thus according

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1 OJ C 129 of 27.4.1998.

2 OJ C 155 of 29.5.2001.

3 This would mean revising the Munich Convention according to the diplomatic method, which will involve all the signatory states, whether they are members of the Community or not.

to the same substantive law as European patents, which will remain in force alongside the new Community patent once this has been created.

1.1.10 The Community Patent Regulation, presented by the Commission in 2000[4], was subjected to a lengthy debate in the Council before the revised text was finally published on 4 September 2003, as it raises a number of legal, financial and linguistic questions. The territoriality of industrial property law will in part be called into question for the purposes of the Community patent. However, some national terms of reference will remain in place, provisionally in some cases and permanently in others.

1.1.11 The Council, which has sole jurisdiction in these matters according to the legal basis of the proposals under discussion, has yet to make a final decision. In the meantime, the Commission has based these two proposals on the Council's common political approach (discussed at the Competitiveness Council on 3 March 2003 and at the Employment, Social Policy, Health and Consumer Affairs Council three days later)[5]. The first proposal concerns the conferral of jurisdiction on the Court of Justice; the second, the creation of specialised panels, their composition, their statute and their powers, proceedings and appeals brought before them, and the amendments to the statute of the Court of Justice and the CFI that these new panels and powers require.

1.1.12 The aim is to prevent territorial and material fragmentation of litigation concerning the validity of the Community patent and of industrial property rights that arise directly from it, as well as of any supplementary protection certificates associated with that patent, by creating a single Community court that will need to be accessible to natural and legal persons and be operational by 2010 at the latest.

1.2 *Proposal for a decision establishing the CPC and concerning appeals before the CFI*

1.2.1 The legal basis for the proposal for a decision establishing the CPC and concerning appeals before the CFI is principally to be found in Articles 220, 225, 225a and 245 of the EC Treaty. Other articles of the EC Treaty[6] and the Protocol on the Statute of the Court of Justice[7] are also relevant. The Statutes of the Court and of the CFI will be amended to the extent that is strictly necessary and according to the provisions of the Council's final decision, after consulting the Court

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4 See the EESC opinion on the proposal for a Council Regulation on the Community Patent issued on 29/03/2001, published in OJ C 155 of 29/5/2001.

5 Memo from the secretariat of the Council to delegations, inter-institutional dossier 2000/0177 (CNS), no 7159/03 PI 24 of 7 March 2003.

6 Articles 241, 243, 244 and 256 of the EC Treaty and Article 14 of Annex II of the Statute; with regard to Article 256, the Court will itself apply the order of enforcement to its decision, in order to avoid delays.

7 OJ C 325/167 of 24/12/2002. The Statute of the Court can be amended by the Council acting unanimously (Article 245 of the EC Treaty) at the request of the Court or of the Commission; depending on the origin of the request, the Commission or the Council are consulted, as is the Parliament. However, the amendment cannot apply to Title I of the Statute of the Court.

and the political institutions of the Communities, on the proposal of the Court itself or of the Commission.

1.2.2 The Commission proposes the creation of a CPC by 2010 at the latest. It would be based at the headquarters of the CFI and have seven judges, including a President of the Court elected by his peers for a renewable three-year term. The CPC, made up of two chambers with three judges each, will be attached to the CFI, and will hear disputes on infringement and validity of Community patents, in line with the jurisdiction conferred on the Court of Justice. In addition, a specialised panel of three judges will be created at the CFI as a court of appeal against decisions of the CPC. In cases where Community law and case law need to be reconciled, the Court of Justice will be able to act as a court of revision, within strictly defined limits. Judges will be appointed for a renewable six-year term; every three years, three or four judges in turn will be replaced in order to ensure both regular renewal and continuity of the court.

1.2.2.1 Since it covers private disputes, the patent court does not, in principle, affect the validity of Community acts; however, private persons will need to be able to challenge, where appropriate, some of the provisions relating to the validity of patents, but only within the limits of their particular case, without being able to request that a Community act be struck down.

1.2.2.2 Decisions of the Court will also be enforceable against Member States, who have the same status as private persons with regard to patents applied for by a State and to infringement.

1.2.3 For the CPC, the appointment of judges, the election of the president, appeals before the CFI and any other provisions specific to the Court, such as the composition, powers and specific procedural provisions of the chambers, which are different or constitute an amendment to the Statute of the Court of Justice and the CFI ought, as far as possible, to be inserted into the Annex to the Statute of the Court relating to judicial panels.

1.2.4 The judges are chosen from a list drawn up by a Consultative Committee. This list must contain twice as many names as there are vacant posts. Appointments are made by the Council acting unanimously. The judges will have to demonstrate a high level of expertise and experience in patent law. The Consultative Committee will be appointed by the Council and be made up of seven members, most of whom will be former judges of the Court of Justice, the CFI or the CPC, and possibly “lawyers of recognised competence”, all of whom will be highly competent and impartial individuals.

1.2.5 Technical experts will assist the judges throughout the handling of a case. They will be selected from the main scientific and technological sectors that are subject to patent applications. There will be no Advocate-General.

1.2.6 The language of proceedings shall be that of the domicile of the defendant or, where his country uses more than one official Community language, an official language chosen by him. However, with the agreement of the Court, the parties may choose any official language as the

language of proceedings; in the event of any appeals, these will be heard in the language used at first instance. The parties present and witnesses will, at the hearing, be able to speak in an official language other than the language of proceedings; in this case, translation and interpreting into the language of proceedings will have to be provided.

1.2.7 The losing party can bring an appeal against a decision of the CPC before the specialised appeal panel of the CFI.

1.2.8 Any revision of a final judgement by the Court of Justice will be subject to very strict and restrictive conditions, for reasons of legal certainty; only fundamental new facts or criminal acts that were a decisive factor affecting the decision that became *res judicata* will constitute grounds for an appeal.

1.2.9 The main provisions for derogation from the current rules of the Court of Justice and of its CFI logically flow from the nature of the litigation and of the parties to the proceedings, and also aim to avoid procedural delays and strengthen the legal certainty of judgements. They should, as far as possible, be included in the future Rules of the Court and affect the Statute, which is an integral part of the Treaties, as little as possible. The main specific provisions planned for the patent court are as follows:

- written and oral proceedings: more streamlined and flexible than the Court of Justice, possible use of ICT; use of ICT, such as video conferencing, is proposed;

- representation: the parties will be able to be assisted by patent agents, chosen from the list of agents approved by the EPO. Legal aid is planned in order to ensure access to justice for all;

- emergency, interim and penalty measures: possible at any stage of the proceedings, even before the hearing; these may include injunctions to act or to abstain from an act, possibly accompanied by penalties, *saisie-contrefaçon*, evidence protection, and any other emergency or interim measure that flows from the application of Community law on protection of industrial property and of the relevant provisions of the WTO TRIPS agreements included in this decision and other Community acts[8];

- any decisions relating to disputes concerning the Community patent will have the enforcement order appended directly by the relevant judicial panel and will be immediately applicable by the competent authorities of the country or countries in which the decisions are to apply as soon as they are requested to do so by the beneficiary of an interim or final decision; the enforcement procedure will be that of the country receiving the request;

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8 EESC opinion 1385/2003 of 29/10/2003, Rapporteur: **D. Retureau**.

- any request by the applicant for interim measures that would be financially prejudicial to the defendant before the judgement will have to be accompanied by guarantees in case his claims are not upheld;

- the decisions of the CPC will have to be listed in the Community Patent Register;

- only final decisions will be communicated to the Member States.

1.2.10 Each Member State will designate a limited number of national courts to hear disputes relating to the Community patent brought during the transitional period. For the purposes of enforcement in another Member State, the decisions of these courts will be subject to the convention on jurisdiction and the enforcement of judgments, subject to special provisions that may be included in the future Regulation[9].

1.2.11 A number of additional provisions concerning the functioning of the court, its registry, and its staff are included in the proposal; these provisions are logical, coherent, and in line with the usual activities and responsibilities of a court of this nature. Therefore, it does not seem worthwhile to look at them one by one in this presentation of the proposed decision.

2. **The Committee's comments**

2.1 The Committee notes that the proposal is in line with the EC Treaty and with the Protocol on the Court of Justice. The Committee supports the proposal in principle, subject to the following comments.

2.1.1 The CPC will handle disputes between private persons, unlike the disputes usually handled by the Court, and will do so in an area requiring specialised legal and technical knowledge. Given that the CPC is attached to the CFI and consists of two chambers of three first-degree judges and a president, and that a specialised appeal panel of three judges, incorporated within the CFI, is created, the general rules on the operation of courts are upheld. The Committee also supports the appointment of patent experts to assist the Court, rather than commissioners or advocates-general; the Committee believes that this will strengthen the authority and value of judgements.

2.1.2 The creation of a CPC attached to the CFI and of a specialised appeal panel within the CFI of the Court of Justice to handle cases relating to Community patents is necessary and appropriate, given that it relates to a single Community industrial property certificate: the future Community patent. The advantage of chambers dedicated exclusively to hearing disputes relating to the Community patent both at first instance and at second instance will be that parties to proceedings will be able to settle their disputes more quickly and efficiently by distinguishing this litigation from

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9 Among the legal instruments already adopted with regard to civil and commercial law with the Committee's approval, Regulation (EC) no 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters is worth mentioning, as it appears relevant to the matter in hand.

more general litigation handled by the CFI. The CFI will operate as an appeal body, and in certain restricted cases the Court of Justice will be able to act as a supreme body able to review previous decisions.

2.1.3 This will offer owners of technological patents and supplementary industrial property certificates all the appropriate procedural guarantees. The procedure will avoid referrals back from the CFI to the CPC, and settlements between parties will be possible before the Court, which will allow matters to be settled more quickly. Matters other than validity and infringement will remain within the jurisdiction of national courts, which is in line with the principle of subsidiarity.

2.1.4 The Committee considers that the ability given to private individuals to mount an indirect challenge to certain Community acts in relation to their private dispute (a technique known in French as *exception d'illégalité*, whereby a defence is made on the basis that the law of which the defendant is in breach is itself illegal) concerning the validity of a patent, without giving the CPC the power to strike down the Community acts in question, is justified on the basis of respect for the rights of defendants. However, the Committee considers that it would be appropriate that consequences be drawn from this, for example by the Court of Justice, to which the Commission could make a mandatory referral in cases where the CPC has accepted an *exception d'illégalité* defence.

2.1.5 For the transitional period, it is necessary to highlight the risk that the limited number of national courts appointed by each country might produce diverging decisions and case law, particularly as regards the interpretation of Articles 52-57 of the European Patent Convention. It would be appropriate to make provisions for the Court of Justice to be able, where necessary, to intervene subsequently as a revision body, in the limited circumstances that would allow such a procedure.

2.1.6 The Committee would like the proposed CPC, for its part, to give a measured interpretation, in line with the general principles of judicial interpretation, of the conditions of patentability in cases concerning the validity of a certificate, notably with regard to the exclusions clearly stated in Articles 52 *et seq*. of the EPC. It is concerned about future developments – parallel or divergent – of Community law and of the EPC, in particular with respect to the independence of Community law in relation to any changes that may be made to the EPC's provisions on patentability in the future, and would like the Commission quickly to propose arrangements for examining and issuing Community patents that would guarantee the supremacy of Community industrial property law with respect to possible amendments at the CPC of the conditions of issue and validity of the European patent by the EPO.

2.1.7 The Committee supports the provisions that allow disputes to be resolved quickly, such as the possibility of settlement before the court.

2.1.8 It considers the proposals presented by the Commission relating to the jurisdiction and the specific organisation of the Court for cases relating to Community patents to be well thought through, well-constructed, balanced, and likely to enable disputes to be resolved efficiently.

2.1.9 In the light of this, the Committee finds it all the more regrettable that the Council was unable, on 11 March last year, to make progress on the Regulation on the Community patent; the Committee would once again emphasise the importance of the creation of the Community patent as soon as possible, in order to support the innovation and competitiveness of European businesses, and finds delays for linguistic or other reasons, that are not fundamental in nature but could lead to excessive costs that would negate the advantage of a Community patent, to be unacceptable. All the Member States are parties to the EPC, which has only three official languages of application; there is no reason to adopt more binding and more expensive provisions for a Community patent.

2.1.10 The Committee very much hopes, for the sake of innovation and the creation of skilled jobs in Europe, that the Council will quickly decide in favour of a low cost patent, without excessive procedural costs or requirements that would remove its attraction and effectiveness.

Specific comments

2.2 The CFI already has jurisdiction in disputes relating to industrial property with respect to trademarks and designs, which are managed by the Office for Harmonisation in the Internal Market. It might perhaps have been worth considering the creation of an Industrial Property Court attached to the CFI, with jurisdiction over all existing and future Community property industrial certificates, and a specialised appeal panel within the CFI for these certificates, in order to centralise litigation on industrial property within the Community. However, this question could be looked at in the more distant future, once the patent court has gathered sufficient practical experience – say, after 2013. This possibility of a wider jurisdiction is already open to the CFI's judicial appeals panel. The Committee supports this wholeheartedly.

2.3 The CPA proposed that, in addition to their high level of expertise on the subject of patents, the appointed judges would also have to have a wide knowledge of languages (as there will not be one judge from each country); this provision of the CPA was not retained by the Commission. The Committee regrets this, as parties to proceedings, whether applicants or defendants, should be able not only to be heard but also, as far as possible, to have a chance of being understood in one of the Community languages by at least one of the judges hearing the case, notwithstanding the provision of specialised interpreting for each hearing. All other things being equal, preference should be given to judges who have mastery of several official Community languages.

2.4 If matters relating to the ownership of the certificate remain under national jurisdiction, it must be noted that the matter of rights of salaried or contracted inventors is handled differently in different countries. Out of concern for fairness, and in order to avoid one-sided contracts on patent ownership and the share or compensation paid to inventors, it would be appropriate to seek further harmonisation of laws applicable to the Community patent with regard to the rights of certain categories of inventor in relation to the owner of the certificate. (Generally speaking, patents are applied for by businesses, which retain the ownership rights; it is far less usual for the application to

be lodged by the actual inventor, who may, by dint of contract or of national law, receive royalties for the use of his invention, but often has no rights at all.)

2.5 The Committee notes with interest the Commission's declaration that the costs of examining, issuing and maintaining the Community patent will be 50% lower than those for the European patent; nonetheless, regulations on intermediation in Community patents (advisers, patent attorneys) should be introduced in good time to prevent significant distortions in the real cost of obtaining a patent and to ensure that applicants have access to properly qualified service providers. The EPO list of approved intermediaries could be used as a reference, but an indicative or mandatory scale of charges for the various services could be considered. Similarly, the role and fees of national patent or industrial property offices should be taken into consideration, as should the possibility of approving technical translators specialising in patents, always keeping in mind quality and affordability of services.

2.6 The legislative financial statement shows that if the parties are required to bear the costs of the proceedings, the Council, voting on the schedule of fees by qualified majority, will have to take into consideration the need for fair access to justice, and not set amounts that might be a deterrent for individuals or SMEs. In any case, the Committee does not believe that the costs of services to private persons can be covered by these fees alone, taking into consideration the CPC's draft budget and the principle of keeping down the costs of obtaining, keeping and protecting industrial property in comparison with the European patent and the national patents of the most developed non-EU countries. The Committee therefore hopes that the court fees for the first instance and for appeals will remain low, in order to maintain the Community patent's strategic advantage for the competitiveness of businesses, particularly Community SMEs.

Brussels, 31 March 2004.

The President of the European Economic and Social Committee	The Secretary-General of the European Economic and Social Committee
Roger Briesch	**Patrick Venturini**

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